GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2146
ANSWERED ON:03.08.2015
Operational Cost of Planes
Pandula Dr. Ravindra Babu

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the operational cost of planes under public sector airline is higher than that of private sector airlines;

(b) if so, the details thereof and the reasons therefor;

(c) whether any scheme has been formulated by the Government to reduce the operational cost; and

(d) if so, the details thereof along with the annual reduction in the operational cost to be made?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Dr Mahesh Sharma)

(a) & (b) : The comparative statement of the operational cost of planes under public sector airlines viz-a-viz the private sector airlines is not maintained in the Ministry.

(c) & (d) : The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 12.04.2012, approved a Turnaround Plan (TAP)/
Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India (AI) subject to achievement of certain laid down milestones by AI. The Company has achieved the Targets set out in the TAP milestones, and has made substantial progress in both Operational as well as Financial Areas. The Operating Loss has consistently reduced and in 2014-15 it is Rs.2171.40 crores as compared to Rs.5138.69 crores in 2011-12. The Net Loss is expected to be Rs.5547.40 crores in 2014-15 as against the loss of Rs.7559.74 crores in 2011-12.
As part of the TAP/ FRP, AI has initiated, inter-alia, the following steps in order to cut costs:

i. Rationalization of certain loss making routes

ii. Induction of brand new aircraft on several domestic & international routes to increase passenger appeal

iii. Phasing out & grounding of old fleet

iv. Establishment of Integrated Operations Control Center and Hub Control Center in Delhi

v. Freezing of employment in non-operational areas

vi. Operationalization of Subsidiary Companies such as Air India Air Transport Services Limited and Air India Engineering Services Limited and transfer of manpower and equipment and treating them as Independent Profit Centers and

vii. Induction of the B787 aircraft on Medium Capacity Long Haul Routes.

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